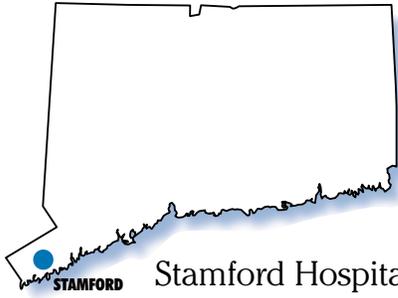


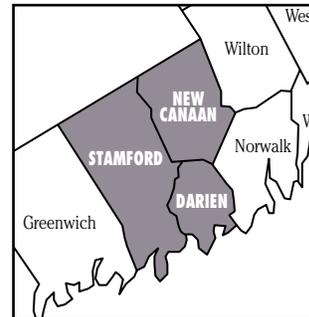
STAMFORD HOSPITAL

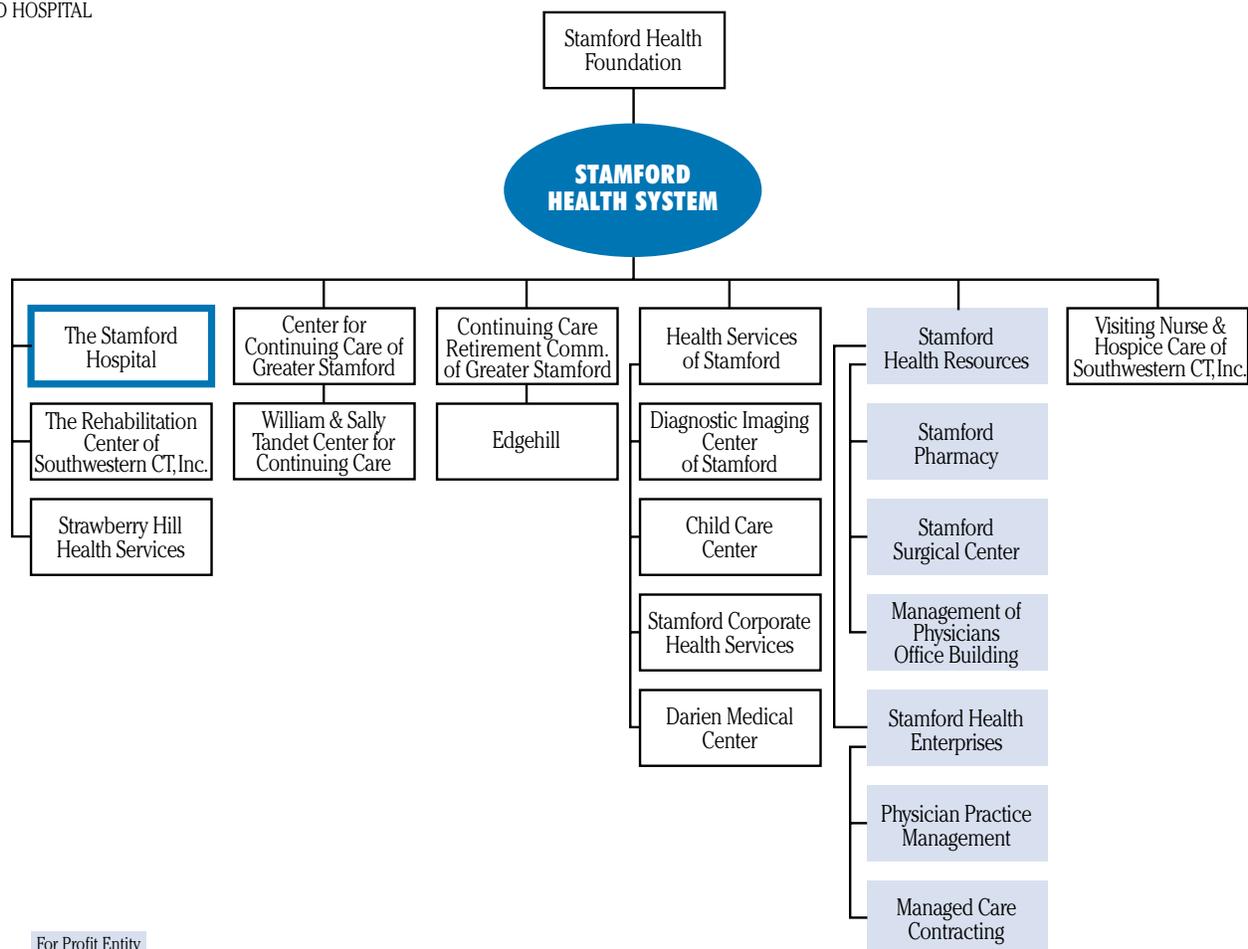
The Stamford Hospital, founded in 1896, is located in Stamford and, in addition to that city, primarily serves two other towns in southern Fairfield County. In FY 1999, the



hospital staffed 285 of its 330 licensed beds and employed 1,413 Full Time Equivalents. In 1998, The Stamford Health System (the parent organization of

Stamford Hospital) acquired Saint Joseph Medical Center, which is being converted into an outpatient facility. Stamford is a teaching hospital with an academic affiliation with the New York Presbyterian Health System, through which Columbia and Cornell medical students intern at The Stamford Hospital. The hospital's average age of plant is 9.5 years as compared to the U.S. average of 9.2 years.



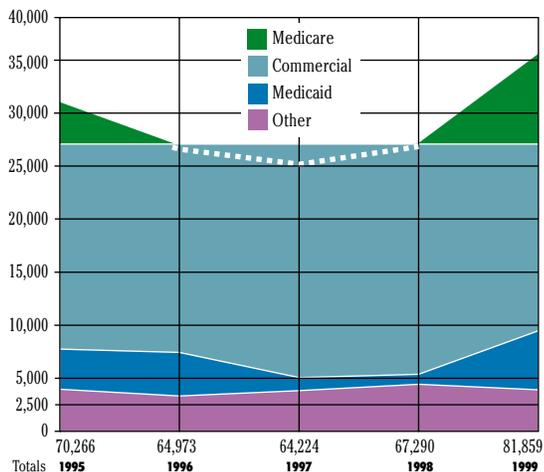


MARGINS	1997	1998	1999
Total margin	9.62%	6.61%	-2.57%
Operating margin	2.79%	3.54%	-5.09%

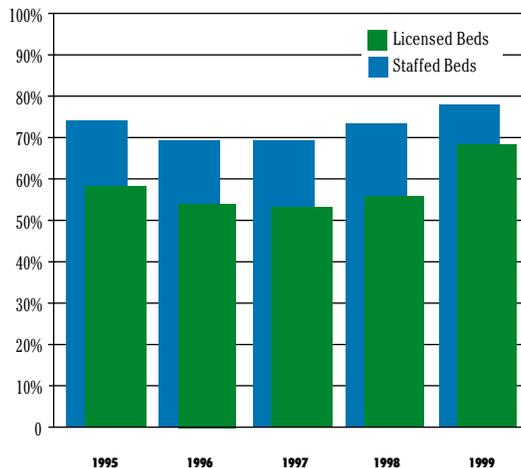
PAYMENT TO COST RATIOS BY PAYER			
Ratio of cost to charges	.56	.52	.57
Medicare Payment to Cost	.96	.95	.93
Medicaid Payment to Cost	.64	.53	.73
Private Payment to Cost	1.24	1.26	1.14
Uncompensated Care Cost	\$8,822,820	\$9,114,750	\$11,050,350
Total expenses	\$110,862,692	\$115,314,985	\$146,994,439
Uncompensated care % of total expenses	7.96%	7.90%	7.52%

CAPITAL STRUCTURE RATIOS			
Equity financing ratio	37.10%	31.14%	26.20%
Debt service coverage	6.35	4.74	4.14

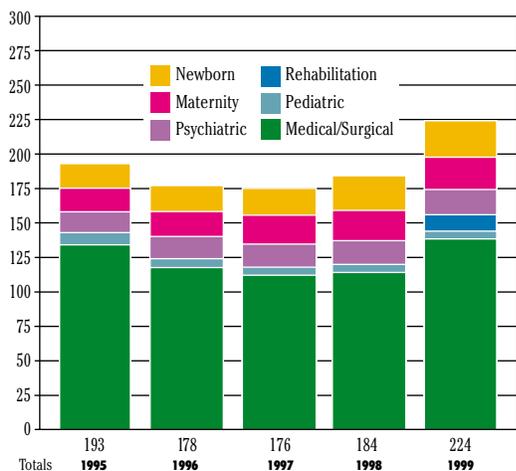
LIQUIDITY MEASURES			
Days of expenses in accounts payable	91.11	105.61	88.12
Days cash on hand	17.33	12.52	0.23
Days of revenue in accounts receivable	48.54	58.65	75.65



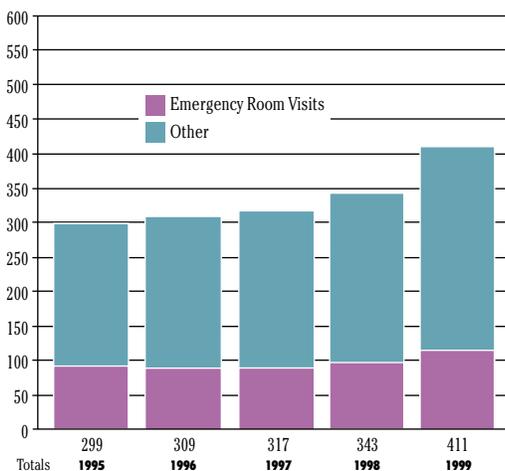
PATIENT DAYS BY PAYER



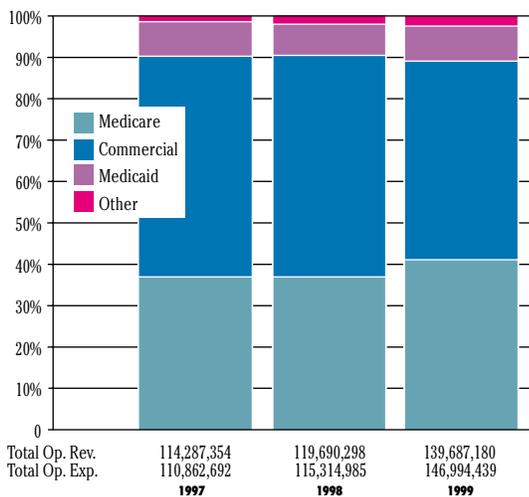
AVERAGE OCCUPANCY



AVERAGE DAILY CENSUS BY SERVICE



AVERAGE DAILY OUTPATIENTS



NET PATIENT REVENUE BY PAYER

KEY PERFORMANCE DRIVERS

- ◆ In 1998, Stamford Health System acquired Saint Joseph Medical Center. Stamford closed the hospital and converted it into an outpatient facility.
- ◆ The hospital's utilization, both inpatient and outpatient, has increased since 1995. Emergency room visits in particular have grown from 33,350 to 42,036. This increase is attributable to a growing population as well as to the St. Joseph's closure.
- ◆ The hospital estimates that the Balanced Budget Act will result in a \$20 million decrease in revenue. The projected loss is significant since Medicare accounts for 41 percent of net patient service revenue.
- ◆ Medicare recently changed Stamford's wage index classification, thereby decreasing the hospital's annual revenue by a projected \$6 million.
- ◆ Stamford has invested significant resources to guarantee proper payment from managed care companies, including hiring staff to ensure compliance and to track down payments.
- ◆ Philanthropic funds, a large source of revenue for the hospital, are used to supplement operating income and for capital expenditures.
- ◆ Stamford Hospital has had difficulty recruiting and retaining staff. The high cost of living in and around Stamford exacerbates the hospital's nursing shortage.
- ◆ The elimination of the Gross Earnings Tax has been very helpful financially; Stamford should avoid operating losses in 2000 due to this new policy.

SITE VISIT ISSUES RAISED BY HOSPITAL MANAGEMENT

St. Joseph's Medical Center. The acquisition and subsequent outpatient conversion of St. Joseph's has had positive and negative effects on Stamford's performance. While the hospital has benefited from the additional patient volume, management has had to work hard to rebuild relationships with physicians and community members who were loyal to St. Joseph's.

Physician Relations. Stamford's Board and management are working diligently to improve hospital-physician relationships. Many physicians were displeased by the St. Joseph decision, as they felt that the medical staff was not given sufficient opportunity to provide input.

Local Environment. While philanthropy is higher at Stamford (due to the affluent population) than at many other hospitals, the cost of living is problematic in recruiting and retaining staff.

Medicare. The combined revenue loss of \$20 million associated with Balanced Budget Act cuts and \$6 million associated with the loss of Stamford's inclusion in the New York region for Medicare wage index purposes will have a negative impact on the hospital's ability to generate positive operating margins.